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Policy
5419th October, 1959.COCOM Document 3413.05/8COORDINATING COMMITTEERECORD OF DISCUSSIONONITEM 1305 - ROLLING MILLS8th October 1959

Present: Belgium(Luxembourg), Canada, Denmark, France, Germany, Italy, Japan, Netherlands, United Kingdom, United States.

References: COCOM Document 3413.05/1 - 7.

1. The CHAIRMAN invited the Committee to resume discussion of this very important question. For his own part, he was optimistic as to the eventual outcome of these discussions because of the progress which had so far been made. In the beginning there had been two extreme views: one which pressed for the deletion of all rolling mills from the embargo list, the other which maintained that there were still some types of strategic importance. The compromise proposals that had been made showed that those advocating deletion were now ready to consider some mills as strategic, while the others agreed that some types should not be embargoed. There seemed to be a broad agreement in principle as to what a mill exported to the Soviet Bloc should and should not be able to do; this indicated that there was a strong possibility of reaching agreement and that the major difficulty ahead was perhaps that of the phrasing the definition itself. A Working Group had been set up during the course of the day and would report to the Committee at the end of the present meeting.
2. The UNITED KINGDOM Delegate said that he agreed with the Chairman that the situation was encouraging. Members of the Committee would realise that the latest United Kingdom memorandum (COCOM 3413.05/6) represented a distinct change from the deletion proposal made in July, it was a movement towards a workable definition of the kind of mills indicated in the United States memorandum (COCOM 3413.05/4). The United Kingdom authorities appreciated that there were many good ideas in the United States memorandum and it was the aim of their latest proposal to bring out in clearer language those ideas that might lead to a solution of the problem. What was needed was an unambiguous wording to express the intent of preventing strategic mills from being exported to the Soviet Bloc. In the same way as the United Kingdom had moved from their original position in favour of deletion, so they hoped that all Delegations would work for an acceptable solution. The Delegate regretted that in the little time available there had been no opportunity for consulting the Delegations who had given their support to the original deletion proposal. The Delegate continued that the new United States proposal was a substantial move towards the solution of this long-standing difficulty. The United Kingdom authorities had listened carefully and sympathetically to the United States proposals and they saw the aims behind them. Their own new proposal aimed at providing a reasonable basis for meeting the essentials of the United States position and the United Kingdom authorities would welcome United States comments on how far this object had been achieved.
3. The UNITED STATES Delegate recalled that on September 25th his authorities had submitted their first redefinition proposal (COCOM 3413.05/3). They had recognised at the time that although the proposal was the result of very careful study, it was not a perfect definition and was therefore susceptible

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of revision. The United States nevertheless hoped there could be agreement on the rationale of their approach to this problem and it was gratifying to hear the remarks of the United Kingdom Delegate in this connexion. Subsequent to the last discussion of rolling mills in the Committee, the United States had held several technical discussions, both in Paris and in other capitals, and it was partly as a result of these discussions that the United Kingdom submitted on October 6th its latest redefinition proposal, a proposal which accepted as a foundation the rationale of the United States approach. The United Kingdom proposal, however, did not implement the United States reasoning in the way the United States authorities thought necessary, and a careful analysis of the United Kingdom memorandum had brought out certain difficulties. Despite the fundamental agreement on concept, the proposal left gaps in the coverage which the United States considered it essential to protect. In consequence, the Delegate continued, he now wished to submit a further redefinition proposal (COCOM 3413.05/7), which, modifying the proposal of September 25th, took into account the recent technical discussions in Paris and other capitals and the latest United Kingdom proposal. Progress had definitely been made, and the Delegate expressed the hope that a generally acceptable definition could be developed in the not too distant future.

4. The Delegate pointed out that the latest United States redefinition proposal (COCOM 3413.05/7) was basically an attempt to clarify and simplify the previous proposal. It was also evidence of a willingness on the part of the United States, in order to meet the views of other Member Countries, to accept a calculated risk where the weight of information available supported an exclusion from the embargo rather than an inclusion. It was hoped that this rearrangement and clarification could be more readily accepted and implemented by member Governments. The need for a clear-cut definition, responding to the basic criteria, had always been borne in mind. The Delegate then commented on some of the points which arose when a comparison was made between the old and the new United States proposals and the United Kingdom proposal:

- (a) Concerning the degree of understanding on the objectives to be attained, it was difficult to evaluate how far this was shown by the United Kingdom paper. In an important sub-item such as A.3 of the United States proposal ((b)(iii) in the United Kingdom memorandum), the United Kingdom emphasis was on cross-sectional control, the lateral profile accuracy of the sheet being rolled. They were thus relying on one single element to catch an important type of strategic mill and left uncovered some equally important developments for which there was currently more equipment available than for the very narrow United Kingdom definition.
- (b) The United Kingdom suggested a time limit which would free virtually all cluster mills other than those of the Sendzimir type. The United States felt very strongly that cluster mills should not be freed. The advanced product of these mills was required in the United States military program and the productive capacity of the United States would be hard pressed to meet the military requirements. It was the United States belief that their own military production and that of the Soviet Union followed a somewhat similar pattern and that the Soviet Union was thus faced with the same essential problems in this respect as the United States.
- (c) Sub-item A.3 of the first United States proposal tried to designate under a time cut-off (which would be subject to change at a later date) certain special characteristics relating to greater accuracy and thinness for the difficult materials required for military use. The most clearly apparent

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of these characteristics were specified, then followed a clause covering other characteristics directed to the same ends but perhaps not yet fully developed. The earlier United States definition had been found by some Delegations to be too general in this respect and so fuller definitions had been given rather than rely on a general "sweep-up" clause as had been suggested in A.3(IV) of COCOM 3413.05/3.

- (d) Some Delegations had queried the meaning of the word "similar" in the heading to sub-item A.3 in the first United States proposal. It had now been decided to abandon this word and to adopt a different approach, without broadening the coverage, which would make the definition easier to apply to different types of mills. The restriction was now aimed specifically at new developments of embargoed types. In addition, control over similar mills or those where the equipment was identical to what existed in the period before the cut-off would be accomplished by accepting that they were of the same type and size concerned. The United States had in this way tried to meet the problems raised by the time cut-off suggestion and by the difficulty of finding an accurate and consistent application of the word "similar". Also, in place of the general "sweep up" clause in the first proposal, one clause had been expanded and two new ones added. In each of the types listed, development was in progress and the United States felt that substantial improvements would be achieved.
- (e) The point had been made by other Delegations that some of the characteristics the United States wished to embargo had been developed for civilian use. There was a basic trend towards progress in all industries, but in the kind of progress the Delegate had been describing, the recent developments in rolling both hot and cold sheet and strip were the answer to military, not commercial needs. It was of course true that these developments might afterwards be picked up for commercial production, but in terms of equipment available, cost and building time, the commercial use of these developments lay far ahead.
- (f) Both the United Kingdom and the United States thought it desirable to find a better means of identifying refractory metals. The United States proposal for sub-item B. had been modified to refer to a melting point of 1900°C, though there was no difference in the coverage.
- (g) Referring to Note 1 of the new United States proposal, the Delegate said that this was intended to form the basis of an editorial change for terminology which would be more readily understood in Western Europe and Japan. The United States could accept this on the understanding that the reference was to the basic family of flat products.
- (h) Referring to Note 2, the Delegate stated that his authorities agreed to free planetary mills, which were covered by the present sub-item 1305(b). They might be covered at a later date if developments so warranted.
- (i) The Note to Note 2 suggested that the coverage proposed in A.3(IV) of the first proposal was not exhaustive and it was therefore felt that Member Governments should bear in mind the possibility of future developments.

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The Delegate concluded by saying that his authorities had tried to improve the technical approach to the rolling mills problem and to cut the present definition where it was warranted. They had made a sincere and earnest attempt to meet the concern expressed by other Delegations and to find a satisfactory way of resolving the difficulties presented by this item.

5. The GERMAN Delegate observed that both the United Kingdom and United States Delegations had moved a long way from their original positions. He recalled that his own authorities had been prepared to go along to a certain extent with the original United Kingdom proposal; they reserved, however, their final position as far as the new proposal was concerned. As the discussion had developed they had appreciated that there were grounds for continuing the embargo of certain types of rolling mill. The target to be kept in mind was a definition which would admit of no differences of interpretation by the various administrative authorities. The Delegate stated that he could not give the final views of his authorities at the present stage since both the new memoranda deserved to be studied with great care. With regard to the latest United States proposal, the Delegate made the following comments:

- (a) Referring to the Note to sub-item A.3, the Delegate suggested that the exclusion of planetary mills would be more appropriately placed within the definition itself.
- (b) As far as the time cut-off was concerned, the German authorities would prefer more flexibility in the choice of a date. They felt that it would be better to select a period of say three or four years, with a definite indication of the possibility of an annual change. In this respect they preferred the greater flexibility of the United Kingdom proposal.

The German authorities feared that by naming certain technical features there was a danger of catching some types unintentionally. Once a definition was committed to paper, the intentions behind it might well be forgotten at a later date, therefore the German Delegation suggested that the Committee should try to reach agreement on the rationale - that put forward in the United States memorandum (COCOM 3413.05/4) seemed reasonable and acceptable - and then ask the Working Group to subject both proposals to a thorough examination from the technical point of view.

6. The ITALIAN Delegate said that he could not yet give the definitive views of his authorities, who had taken note of the fact that the United Kingdom no longer proposed the entire deletion of this item. They welcomed the spirit of compromise that had been shown by the United Kingdom and United States Delegations. ~~* They no longer supported the view that all rolling mills should be deleted from embargo.~~ The Delegate thanked the United States Delegation for the efforts they had made for a generally agreed solution and the contacts they had established with Italian experts and also for the explanation they had given of their latest proposal. He thought that the new text proposed by the United States Delegation contained a more precise definition, particularly as regards sub-item A.3(IV). The Italian authorities would study both proposals with care and, in this connexion, the Delegate said they might have doubts on the proposed date cut-off. Finally, the Delegate supported the German suggestion for further technical study of the proposals by the Working Group.

7. The FRENCH Delegate said that his authorities had not yet had time to study the two latest proposals; his remarks therefore referred to the earlier positions. His authorities no longer supported the original United Kingdom proposal for total deletion. As a result of their technical study, they considered that the embargo should be maintained on the following types of mill: taper, more than 3-high, and those incorporating characteristics that were not in existence before January 1st, 1956. They also considered, however, that

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* "The Italian authorities are in favour of the view of the great majority of the Committee that some types of rolling mills should be retained under embargo."

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sub-item A.1 of the United States proposal (same sub-item in both United States proposals) should be deleted because the commercial uses of this type of mill were predominant, and that sub-item C. (same in both proposals) was unnecessary because sufficient provision for the control of parts was made under Administrative Principle No. 4 and there was some danger of hampering the export of non-strategic mills. The Delegate concluded by saying that the latest United Kingdom and United States proposals showed that a considerable effort had been made by both Delegations and that a final solution was in sight.

8. The CANADIAN Delegate stated that he had not yet received any instructions to change his original position, which was one of support for the United Kingdom deletion proposal.

9. The JAPANESE Delegate said that his authorities much appreciated the efforts made by the United Kingdom and United States Delegations. He was not yet able to give their final views, but he undertook to report fully the present discussion to Tokio.

10. The UNITED KINGDOM Delegate welcomed the German suggestion for further discussion by the Working Group, and agreed that the latter should be guided by terms of reference worked out in the Committee. He proposed the following formula: "To place under control the means required to roll specifically strategic products, other than the means which are, or are likely to be, commonplace in ordinary civilian production." He thanked Delegations for the support they had given, despite the change from a position of deletion to one of embargo. He hoped that the Canadian Delegation would be able to rally to the United Kingdom view. Finally, the Delegate agreed with the remark made by his French colleague that sub-item A.1 of the United States proposal, which was identical to the present sub-item 1305(a), extended the embargo into a completely civilian field and should therefore be deleted.

11. The UNITED STATES Delegate commented that there was much to be said for the German suggestion that the Committee should try to reach agreement on the rationale and then let a Working Group devise the best method of implementation. There were, however, a number of problems which should not be overlooked in this connexion: it had in the past proved difficult for the Committee to agree on abstract concepts; a pragmatic approach often yielded results more easily. When one tried to work out the rationale in practice it was often difficult to determine the precise aims which had been in mind. The Delegate pointed out that the United States rationale was set out in COCOM 3413.05/4. With respect to further work by experts, he thought that upon full analysis of the latest United States proposal, the remaining work to be done by experts would not be found to be great. He then made the following comments on points that had been raised by other Members of the Committee:

- (a) With regard to the French Delegate's remarks on sub-item C., his authorities did not envisage that this sub-item would interfere with any mill other than those covered by the proposed definition. This was certainly the United States intent. It had been included because his authorities felt that Administrative Principle No. 4 might not necessarily be interpreted as covering these parts.
- (b) The German Delegate had referred to the time cut-off proposal and stated that he preferred the United Kingdom approach to this problem. The United States still considered that a date cut-off, subject to changes subsequently agreed in the Committee, was preferable, although they understood the concern expressed by some Delegations. It would perhaps be possible to state with greater clarity when the cut-off could be modified, for example at the beginning of each year rather than an automatic change corresponding to an agreed period of time. There would also be a possibility of asking that a

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specific type of mill be exempted from the time cut-off.

- (c) Different views had been expressed as to the appropriateness of sub-item A.1., which was the same as sub-item (a) of the present definition. This was a problem which varied according to the different military programmes in various countries. The situations in the United States and the Soviet Union were in this respect perhaps different from elsewhere. Developments for military purposes in other countries were not taking place on such a broad front and it was understandable that in those countries this type of mill was put to far greater commercial use. In the Soviet Bloc there were only a few very narrow mills of this type and the first wide mill was not yet in operation. There were indications that these mills were being and would be used to produce some of the more difficult materials. Finally, the Delegate stressed that Soviet military requirements could not be compared with their civilian needs. The Soviet Bloc had tried to make purchases elsewhere of mills in sizes which had greater military than commercial use within the Bloc.

12. The CHAIRMAN summed up the discussion by saying that progress had been made from the original proposal for total deletion and the Committee were now embarked upon the search for a generally acceptable definition. There had been some support for the German suggestion that agreement should first be sought at Committee level on the general aims to be attained and there had also been the suggestion from the United States Delegate that a pragmatic approach might lead to faster results.

13. The COMMITTEE then heard a report from the Chairman of the Working Group, composed of experts from Germany, the United Kingdom and the United States, which had been meeting simultaneously with the present discussion. The report will be found as an annex to this document. It was agreed that the Working Group should meet again on October 22nd, on which date experts from any other Member Country who wished to attend might do so.

C O N F I D E N T I A L